



# Annual Report

*For the Year Ended June 30, 2002*



Indiana Development Finance Authority

[www.in.gov/idfa](http://www.in.gov/idfa)

Dear Economic Development Colleague:

It is my pleasure to share with you the annual report of the Indiana Development Finance Authority (IDFA) for fiscal year 2001-2002. During fiscal year 2001-2002, IDFA supported business growth and job creation and retention by helping 297 Indiana companies and organizations finance economic development projects. IDFA issued bonds and loan guaranties and awarded volume cap for tax-exempt bonds that led to the creation of over 1,280 new jobs. IDFA's Capital Access Program alone allowed participating banks to make loans to 230 companies that resulted in 571 new jobs in Indiana.

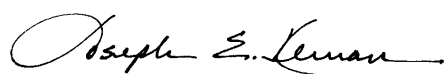
In addition to business growth and job creation efforts, IDFA also encouraged brownfields redevelopment with grants totaling \$461,841 to local communities to assist them in investigating environmental contamination at their priority brownfield sites, as well as \$1,847,800 in low-interest loans to conduct demolition and remediation at these sites.

And finally, as Indiana's economy continues to evolve, IDFA has enhanced its tools to promote the growth of high-technology businesses. Both the Cap and Loan Guarantee programs have the capacity to encourage lending to high-tech growth Indiana companies - companies that are key to our state's future success.

I am certain you will find IDFA's annual report informative. We welcome any comments about our programs or ways that we can assist you in your efforts. I look forward to continuing to work with you in the future.

Thank you.

Sincerely,



Joseph E. Kernan  
Lieutenant Governor  
IDFA Secretary-Manager

# I n d i a n a

## Development Finance Authority

### *Board of Directors & Staff*

#### **Board of Directors**

The Honorable Joe Kernan, Secretary-Manager  
Lieutenant Governor  
Indianapolis, Indiana

The Honorable Tim Berry  
State Treasurer  
Indianapolis, Indiana

Alfred Hammonds, Chairman  
Retired  
Bank One, N.A.  
Gary, Indiana

William H. King, Vice-Chairman  
Retired  
Indiana Bankers Association  
Indianapolis, Indiana

Sondra S. Harris  
O.D. Harris and Sons Funeral Homes, Inc.  
Petersburg, Indiana

Leslie D. Reed  
SunAmerica Securities  
Indianapolis, Indiana

Dwayne C. Isaacs  
Partner  
Bingham McHale, LLP  
Indianapolis, Indiana

Ronald G. Seals  
Springs Valley Bank & Trust Company  
Jasper, Indiana

Bud Hartzell  
Retired  
First National Bank  
Mitchell, Indiana

#### **Staff**

Courtney Tobin  
Executive Director

W. Calvin Kelly  
Deputy Director

Matthew A. Tuohy  
Financial Analyst

Sara Westrick  
Program Associate

Carla D. Phelps  
Office Manager

Cindy Pierson  
Program Administrator

Gladys Tow  
Administrative Assistant

Maren McGrane  
Brownfields Specialist

## *Introduction*

The Indiana Development Finance Authority (IDFA) was created by the Indiana General Assembly in 1990 to promote economic development and job creation through the use of a variety of debt financing tools. In partnership with the private sector and other state and local economic development agencies, IDFA issues bonds, loan guaranties and other forms of credit enhancement to help support growing Indiana businesses.

The IDFA Board is comprised of nine members: the Lieutenant Governor, the Treasurer of State, and seven Indiana residents appointed by the Governor, not more than four of whom may be from the same political party. Seven full-time professional staff members conduct the daily business of the agency.

The IDFA continues to support economic, community and business development in Indiana by adding new, creative enhancements and modifying existing programs to meet the needs of Indiana's new economy. Through this support, the IDFA remains dedicated to helping Indiana businesses and communities grow and prosper in an evolving economy.

# Indiana

## Development Finance Authority

### *Capital Access Program*

The Capital Access Program (“CAP”) at IDFA is one of the most widely used credit enhancement programs in Indiana. Indiana’s CAP ranks as one of the top five credit enhancement programs in the country in: 1) number of loans; 2) total dollars made available to small businesses; and 3) number of lenders participating.

CAP works simply and efficiently by creating a cash reserve fund for the lender to use as additional collateral for loans that are enrolled in the Program. This reserve encourages lenders to make loans that might not otherwise meet the lender’s conventional credit requirements. The borrower, the lender and the IDFA all contribute a percentage of the loan into the reserve fund. The reserve fund, which resides as a deposit at the participating bank, is then available to lenders if any enrolled CAP loans default.

Under CAP, the IDFA can triple its match for loans to: 1) high tech companies paying high wages to skilled workers; and 2) to licensed child care facilities. The IDFA can double its match for loans made to specific minority-owned businesses.

The Program’s flexibility and simplicity has allowed IDFA to partner with 30 lending institutions in Indiana to make over 2,600 loans for approximately \$125,400,000 in capital financing for Indiana’s small businesses. The average CAP loan size is \$47,320, and approximately 18,000 Hoosier jobs have been created or retained with the CAP. During Fiscal Year 2001/2002, CAP played a vital role in 230 loans totaling approximately \$11,907,234 which helped create approximately 571 jobs.

IDFA recognizes the following lenders who have made over 100 loans each using the Capital Access Program:

|                                   |           |
|-----------------------------------|-----------|
| 1st Source Bank, South Bend       | 130 loans |
| Bank One, Indiana                 | 734 loans |
| Fifth Third, Evansville           | 205 loans |
| Horizon Bank, Michigan City       | 203 loans |
| Mercantile National Bank, Portage | 212 loans |
| National City Bank, Indiana       | 395 loans |
| Union Planters, Indiana           | 151 loans |

## State Private Activity Bond Ceiling & 2001-02 Volume Cap

The IDFA administers Indiana's State Private Activity Bond Ceiling (also referred to as "Volume Cap"). Federal law establishes a limit on the amount of certain tax-exempt private activity bonds that may be issued within a state in a calendar year. This limit was set at \$62.50 per capita in 2001 and was increased to \$75.00 per capita in 2002, which resulted in \$380,030,312 in bond volume available to Indiana issuers in Calendar Year 2001, and \$458,605,875 in Calendar Year 2002. All Indiana issuers apply to IDFA when issuing private activity bonds subject to Volume Cap.

Under state law, Indiana's volume cap is initially allocated among five categories:

### State-Issued Bonds

|  |     |
|--|-----|
| Indiana Development Finance Authority          | 9%  |
| Indiana Secondary Market for Educational Loans | 1%  |
| Indiana Housing Finance Authority              | 28% |

### Locally-Issued Bonds

|   |     |
|---|-----|
| Manufacturing and certain exempt facilities | 42% |
| Low-income, multi-family housing projects   | 20% |

Pursuant to IDFA's Volume Cap Guidelines, Volume Cap for manufacturing projects is awarded monthly – January through October – on a competitive basis which considers the number of jobs created, jobs retained, investment, average wages, and the location of the project, among other factors. Low-income, multi-family housing volume cap requests are reviewed by the Indiana Housing Finance Authority twice a year pursuant to guidelines consistent with IHFA's tax credit allocation plan.

## 2001-02 Volume Cap

Indiana has allocated all of its volume cap each year since 1995. Volume cap was distributed to manufacturing projects by awarding approximately 10% of available funds each month. As of June 30, 2002, approximately 33% of the Volume Cap available in Indiana for Calendar Year 2002 had been reserved. Tax-exempt financing allows Indiana companies to finance capital expenditures at a lower long-term cost.

## 2001 Calendar Year Volume Cap Awards

| <u>PROJECT</u>               | <u>COUNTY</u> | <u>ISSUE DATE</u> | <u>JOBS CREATED</u> | <u>JOBS RETAINED</u> | <u>AMOUNT ISSUED</u> | <u>CAPITAL INVESTMENT</u> |
|------------------------------|---------------|-------------------|---------------------|----------------------|----------------------|---------------------------|
| TTP                          | Kosciusko     | 2/27/2001         | 30                  |                      | \$ 2,400,000         | \$ 2,900,000              |
| Scott Pet Products           | Parke         | 5/24/2001         | 25                  |                      | \$ 1,500,000         | \$ 3,875,000              |
| Jasper Seating Company, Inc. | Orange        | 8/16/2001         | 100                 |                      | \$ 850,000           | \$ 1,000,000              |
| Bhar, Inc.                   | Allen         | 8/31/2001         | 47                  | 10                   | \$ 4,200,000         | \$ 4,200,000              |
| TTP, Inc.                    | Kosciusko     | 9/21/2001         | 6                   |                      | \$ 650,000           | \$ 650,000                |
| CP Industries                | St. Joseph    | 9/28/2001         | 18                  |                      | \$ 977,000           | \$ 977,000                |
| Graham Packaging Company     | Vanderburgh   | 9/28/2001         | 61                  |                      | \$ 1,000,000         | \$ 32,000,000             |
| Republic Services, Inc.      | Averaged      | 10/1/2001         | 41                  | 434                  | \$ 10,000,000        | \$ 17,050,000             |



# Indiana

## Development Finance Authority

### 2001-02 Volume Cap, Continued

| <u>PROJECT</u>                   | <u>COUNTY</u> | <u>ISSUE DATE</u> | <u>JOBS CREATED</u> | <u>JOBS RETAINED</u> | <u>AMOUNT ISSUED</u> | <u>CAPITAL INVESTMENT</u> |
|----------------------------------|---------------|-------------------|---------------------|----------------------|----------------------|---------------------------|
| Precision Products, Inc.         | Johnson       | 10/3/2001         | 6                   | 61                   | \$ 520,000           | \$ 750,000                |
| Timberland Resources, Inc.       | Parke         | 10/4/2001         | 0                   | 98                   | \$ 2,500,000         | \$ 3,100,000              |
| Waste Management, Inc.           | Elkhart       | 10/10/2001        | 45                  | 152                  | \$10,000,000         | \$ 36,000,000             |
| R-Vision, Inc.                   | Kosciusko     | 11/9/2001         | 110                 | 0                    | \$ 1,000,000         | \$ 1,600,000              |
| Ag Machinery & Safety, Inc.      | White         | 11/20/2001        | 9                   | 16                   | \$ 600,000           | \$ 600,000                |
| Styline Industries, Inc.         | Dubois        | 11/29/2001        | 3                   | 14                   | \$ 1,000,000         | \$ 2,500,000              |
| Electronics Research, Inc.       | Warrick       | 11/29/2001        | 11                  | 0                    | \$ 825,000           | \$ 825,000                |
| Henryville Membership Sanitation | Clark         | 12/6/2001         | 0                   | 0                    | \$ 1,750,000         | \$ 1,750,000              |
| Industrial Plastics Group, LLC   | Vanderburgh   | 12/14/2001        | 18                  | 0                    | \$ 1,350,000         | \$ 3,300,000              |
| Single Family Mortgage           | N/A           | 5/17/2001         | N/A                 | N/A                  | \$28,945,000         | N/A                       |
| Single Family Mortgage           | N/A           | 8/22/2001         | N/A                 | N/A                  | \$23,935,000         | N/A                       |
| Single Family Mortgage           | N/A           | 10/30/2001        | N/A                 | N/A                  | \$40,000,000         | N/A                       |
| Single Family Mortgage           | N/A           | 12/13/2001        | N/A                 | N/A                  | \$34,955,000         | N/A                       |
| Mortgage Credit Certificate      | N/A           | 12/26/2001        | N/A                 | N/A                  | \$55,626,312         | N/A                       |
| Education Loan Revenue Bond      | N/A           | 12/14/2001        | N/A                 | N/A                  | \$30,000,000         | N/A                       |
| Advanced Machine & Tool          | Allen         | 2/19/2001         | 33                  | 0                    | \$ 2,500,000         | \$ 2,800,000              |
| Toyota Motor Manufacturing       | Gibson        | 2/22/2001         | 333                 | 0                    | \$10,000,000         | \$166,000,000             |
| Tri Aerospace, LLC               | Vigo          | 2/22/2001         | 4                   | 0                    | \$ 2,200,000         | \$ 3,300,000              |
| Amoco Oil Company Whiting        | Lake          | 2/27/2001         | 0                   | 0                    | \$ 2,400,000         | \$ 93,400,000             |
| Flair Interiors, Inc.            | Elkhart       | 3/2/2001          | 45                  | 0                    | \$ 1,200,000         | \$ 1,200,000              |
| Advanced Technology, Inc.        | Elkhart       | 4/27/2001         | 56                  | 0                    | \$ 2,600,000         | \$ 2,600,000              |
| Mariposa of Indiana, Inc.        | Porter        | 5/24/2001         | 146                 | 0                    | \$ 7,000,000         | \$ 11,000,000             |
| APR Properties, LLC              | Shelby        | 7/2/2001          | 25                  | 0                    | \$ 2,250,000         | \$ 2,250,000              |
| American Finishing Resources     |               |                   |                     |                      |                      |                           |
| South Lawrence Utilities, Inc.   | Lawrence      | 8/27/2001         | 0                   | 0                    | \$ 2,000,000         | \$ 2,000,000              |
| Sunny Ridge Dairy, LLC           | Pulaski       | 9/21/2001         | 11                  | 2                    | \$ 1,000,000         | \$ 4,900,000              |
| Toyota Motor Manufacturing       | Gibson        | 9/27/2001         | 333                 | 0                    | \$10,000,000         | \$166,000,000             |
| Hartford Concrete Products, Inc. | Blackford     | 10/4/2001         | 10                  | 0                    | \$ 3,500,000         | \$ 3,500,000              |
| Frank Miller Lumber Co., Inc.    | Washington    | 10/4/2001         | 39                  | 5                    | \$ 6,300,000         | \$ 8,000,000              |
| Eagle Steel Products, Inc.       | Clark         | 10/31/2001        | 30                  | 0                    | \$ 7,700,000         | \$ 8,500,000              |
| ChromaSource, Inc.               | Whitley       | 11/15/2001        | 30                  | 107                  | \$ 6,600,000         | \$ 6,600,000              |
| Timberland RV                    | Miami         | 11/27/2001        | 130                 | 128                  | \$ 2,555,000         | \$ 3,305,000              |
| South Lawrence Utilities, Inc.   | Lawrence      | 12/11/2001        | 0                   | 0                    | \$ 899,000           | \$ 920,000                |
| Lau Industries, Inc.             | Boone         | 12/12/2001        | 20                  | 99                   | \$ 4,000,000         | \$ 4,250,000              |
| Pyrotek, Inc.                    | Vanderburgh   | 12/14/2001        | 7                   | 0                    | \$ 3,000,000         | \$ 3,000,000              |
| Canterbury House Apartments      | Monroe        | 7/20/2001         | N/A                 | N/A                  | \$10,000,000         | N/A                       |
| Washington Highland Apts.        | Daviess       | 7/20/2001         | N/A                 | N/A                  | \$ 1,450,000         | N/A                       |
|                                  |               | 7/20/2001         | N/A                 | N/A                  | \$ 7,735,000         | N/A                       |
| <b>TOTALS</b>                    |               |                   | <b>1,782</b>        | <b>1,126</b>         | <b>\$351,472,312</b> | <b>\$606,602,000</b>      |

### 2002 Calendar Year Volume Cap Awards Through June 30, 2002

| <u>PROJECT</u>                    | <u>COUNTY</u> | <u>ISSUE DATE</u> | <u>JOBS CREATED</u> | <u>JOBS RETAINED</u> | <u>AMOUNT ISSUED</u> | <u>CAPITAL INVESTMENT</u> |
|-----------------------------------|---------------|-------------------|---------------------|----------------------|----------------------|---------------------------|
| Big Inch Fabricators & Con., Inc. | Parke         | 2/28/2002         | 8                   | 25                   | \$ 800,000           | \$ 800,000                |
| Morris Manufacturing & Sales      | Clay          | 3/6/2002          | 54                  | 56                   | \$ 8,500,000         | \$ 20,900,000             |
| Jeremy D. & Jennifer L. Brown     | Greene        | 3/12/2002         | 1                   | 0                    | \$ 250,000           | \$ 280,000                |
| Brewer Machine & Mfg.             | Shelby        | 5/30/2002         | 4                   | 0                    | \$ 575,000           | \$ 800,000                |
| HGI Dairy Development, LLC        | Jasper        | 2/26/2002         | 30                  | 0                    | \$ 5,275,000         | \$ 18,500,000             |
| Eagle Steel Products, Inc.        | Clark         | 3/8/2002          | 30                  | 0                    | \$ 50,000            | \$ 8,500,000              |
| Wabash Valley Packaging Corp.     | Vigo          | 3/14/2002         | 7                   | 0                    | \$ 2,000,000         | \$ 1,500,000              |
| Ottenweller Co., Inc.             | Allen         | 5/23/2002         | 30                  | 50                   | \$ 3,050,000         | \$ 3,050,000              |
| BP Products North America         | Lake          | 5/29/2002         | 0                   | 0                    | \$ 10,000,000        | \$ 43,134,000             |
| KibbeChem, Inc.                   | Elkhart       | 6/25/2002         | 6                   | 18                   | \$ 2,600,000         | \$ 3,500,000              |
| Single Family Mortgage            | N/A           | 3/6/2002          | N/A                 | N/A                  | \$ 40,000,000        | N/A                       |
| <b>TOTALS</b>                     |               |                   | <b>170</b>          | <b>149</b>           | <b>\$ 73,100,000</b> | <b>\$100,964,000</b>      |

## *Bonds Issued by IDFA*

### **IDFA Small Bond Program**

Small companies traditionally have been unable to take advantage of tax-exempt financing because of high up-front legal and administrative costs. Under the Small Bond Program, borrowers utilize standard bond documents and realize reduced fees and a streamlined process for issuing bonds. The individual bonds are purchased and held by Indiana banks to further reduce issuing costs, and the banks review the issues under their normal credit underwriting standards. Bond issues of \$1,000,000 or less are eligible for the Program, which is limited by federal law to primarily manufacturing and not-for-profit firms. The following bonds were issued in Fiscal Year 2001/2002 under IDFA's Small Bond Program.

**Jasper Seating Company, Inc:** \$850,000. Jasper Seating manufactures laminated casegoods and upholstered seating. The project will be located in Paoli and is expected to create 100 new jobs in the next three years. Bond proceeds will be used for the acquisition of an 181,915 square foot facility, 39.2 acres of land, and the purchase of machinery and equipment. The bonds will be directly purchased by Old National Bank under IDFA's Small Bond Program.

**Precision Products:** \$520,000. Precision Products manufactures flowtubes and is located in Greenwood. The company expects to create six new jobs in the next three years. Bond proceeds will be used to construct a building addition to house the expanding business in press rebuilds. The bonds will be directly purchased by National City Bank under IDFA's Small Bond Program.

**TTP, Inc.:** \$650,000. TTP manufactures diesel engines, transmission and differentials. The company is located in Pierceton and expects to create six new jobs in the next three years. Bond proceeds will be used for the purchase of machinery and equipment. The bonds will be directly purchased by Lake City Bank under IDFA's Small Bond Program.

**City Pattern & Foundry Co., Inc. d/b/a CP Industries:** \$977,000. City Pattern & Foundry manufactures auto glass, bending iron and auto seating tooling. The project is located in Granger and is expected to create 18 new jobs in the next three years. Bond proceeds will be used to purchase the facility and related manufacturing equipment. The bonds will be directly purchased by Bank One under IDFA's Small Bond Program.

**Graham Packaging Company, L.P.:** \$1,000,000. Graham Packaging manufactures plastic containers. The project is located in Evansville and is expected to create 61 new jobs in the next three years. Bond proceeds will be used for the acquisition, construction, installation and equipping of an approximately 147,000 square foot manufacturing facility. The bonds will be directly purchased by Old National Bank under IDFA's Small Bond Program.

**Big Inch Fabricators & Construction, Inc.:** \$800,000. Big Inch Fabricators & Construction manufactures pipes. The project is located in Montezuma, and the company expects to create 8 new jobs in the next three years. Bond proceeds will be used for the acquisition, construction, installation and equipping of an approximately 20,000 square foot addition to an existing facility. The bonds will be directly purchased by Old National Bank under IDFA's Small Bond Program.

**R-Vision, Inc.:** \$1,000,000. R-Vision manufactures recreational vehicle products. Bond proceeds will be used for the construction, installation and equipping of an approximately 54,000 square foot facility located in Warsaw. The company expects to create 110 new jobs in the next three years. The bonds will be directly purchased by Bank One under IDFA's Small Bond Program.



# Indiana

## Development Finance Authority

### *Bonds Issued by IDFA, Continued*

**Ag Machinery & Safety, Inc.:** \$600,000. Ag Machinery & Safety manufactures seed processing equipment, material handling equipment, livestock equipment and portable bleachers. Bond proceeds will be used for the purchase of property in order to relocate from its present facility in Lafayette to Brookston. The project expects to create 9 new jobs in the next three years. The bonds will be directly purchased by Lafayette Bank & Trust under IDFA's Small Bond Program.

**Styline Industries, Inc.:** \$1,000,000. Styline Industries manufactures cut-to-size (panel sizing) of component parts (particle board and MDF plywood) for the wood industry. Bond proceeds will be used for the acquisition, construction, installation and equipping of a manufacturing facility, together with the purchase of machinery and equipment. The project is located in Huntingburg and is expected to create three new jobs in the next three years. The bonds will be directly purchased by Old National Bank under IDFA's Small Bond Program.

**Electronics Research, Inc.:** \$825,000. Electronics Research manufactures commercial broadcast antennas, filter and combiners, towers and monopoles, and related broadcast products. Bond proceeds will be used for the construction of a single structure to be used for the manufacture of structural towers and monopoles. The project is located in Chandler and is expected to create 11 new jobs in the next three years. The bonds will be directly purchased by Old National Bank under IDFA's Small Bond Program.

**Brewer Machine & Manufacturing, Inc.:** \$575,000. Brewer Machine & Manufacturing is a full service machine shop consisting of grinding, milling, lathe and fabrication, welding and manufacturing capabilities. The company expects to create four new jobs in the next three years. Bond proceeds will be used for the construction of an approximately 19,000 square foot addition to an existing manufacturing facility located in Shelbyville. The bonds will be directly purchased by National City Bank under IDFA's Small Bond Program.

### **IDFA Regular Bond Program**

The IDFA also acts as a conduit issuer for larger bond issues when the local issuer is unable to issue the bonds.

**Bhar, Inc.:** \$4,200,000. Bhar manufactures plastic injection molded parts for the automotive industry and is located in Fort Wayne. The company expects to create 47 new jobs in the next three years and retain ten professional jobs. Bond proceeds will be used for a 31,500 square foot expansion of the manufacturing area and the addition of two 2,200-ton molding machines following completion of the building.

**Waste Management of Indiana:** \$10,000,000. Waste Management is the largest solid waste company in the United States. Bond proceeds will be used to develop disposal capacity within currently permitted acreage at operational landfills in Indiana and to purchase equipment for use at the landfills. The landfills assisted by this project are located in: Portland, Elkhart, Wyatt, Danville, Michigan City and Logansport. The project is expected to create 45 new jobs in the next three years.

**Republic Services, Inc.:** \$10,000,000. Republic Services is the third largest solid waste company in the United States and is one of the largest providers of solid waste collection and disposal services in Indiana. Bond proceeds will be used to construct landfill cells, perform closure and capping procedures, and to purchase the heavy equipment to perform these activities. The landfills included for this project are located in Fort Wayne and Wabash. The project is expected to create 10 new jobs in the next three years.

## *Bonds Issued by IDFA, Continued*

**Timberland Resources, Inc.:** \$2,500,000. Timberland Resources manufactures/processes various species, lengths and widths of rough, green lumber. Bond proceeds will be used for the acquisition, construction, installation and equipping of an approximately 30,000 square foot manufacturing facility addition as well as the purchase of machinery and equipment in Montezuma.

**Henryville Membership Sanitation Corporation (“HMSC”):** \$1,750,000. HMSC is a not-for-profit corporation formed in 1973 to serve the wastewater treatment needs of the Henryville community in Clark County. Bond proceeds will be used for the acquisition, construction and installation of sewage system improvements. The project is located in Clark County and is expected to create one new job in the next three years.

**Industrial Plastics Group, LLC:** \$1,500,000. Industrial Plastics manufactures compounded plastic additives and processed engineered plastics. Bond proceeds will be used for the acquisition and installation of extrusion/compounding lines. The company is located in Evansville and currently employs 263 people and expects to create 18 new jobs in the next three years.

**Morris Manufacturing & Sales Corp.:** \$8,500,000. Morris Manufacturing & Sales Corp. is a production machining company serving automotive customers primarily in the midwestern United States. Bond proceeds will be used for the purchase of new machining equipment. The company is located in Brazil, currently employs 56 people and expects to create 54 new jobs in the next three years.

**Winalta USA:** \$2,000,000. Winalta USA will manufacture modular and manufactured homes. Bond proceeds will be used for the renovation of an existing 200,000 square foot building and the purchase of land and equipment. The facility is located in Linton. The company currently employs 50 individuals and expects to create an additional 200 jobs in the next three years.

### **IDFA Agricultural Bond Program**

The IDFA issues bonds for agricultural development projects or purposes.

**Jeremy D. & Jennifer L. Brown:** \$250,000. Jeremy Brown currently works for Twindale Farms and Jennifer Brown is a school teacher. Bond proceeds will be used for the purchase of 200 acres of farmland for the production of grain. The property is located in Greene County. Old National is the first to use IDFA’s revised Agriculture Bond Program, a direct purchase under IDFA’s Small Bond Program, for first-time farmers.

### **IDFA 501(c)(3) Bond Program**

The IDFA issues bonds for the benefit of not-for-profit entities engaging in either industrial development projects or projects that serve charitable or educational purposes.

**Indiana Regional Council of Carpenters Joint Apprenticeship & Training Fund:** \$1,500,000. The Regional Council of Carpenters trains carpenters and millwrights. The Council is currently located in Petersburg and expects to create 17 new jobs in Seymour in the next three years. Bond proceeds will be used to erect a pre-engineered metal building for the purpose of training apprentices and journeymen.

# Indiana

## Development Finance Authority

### *Bonds Issued by IDFA, Continued*

**Cathedral High School:** \$8,500,000. Cathedral High School is a private independent high school for grades 9 through 12, located in Indianapolis. Bond proceeds will be used for the construction, renovation, expansion and purchase of new equipment, including a state of the art library/medical research center. The school currently employs 134 individuals and expects to create five new jobs in the next two to three years.

**Families Thru International Adoption:** \$800,000. Families Thru International Adoption was formed exclusively for the charitable purpose of preventing cruelty to children by providing care for orphan children. Bond proceeds will be used for the construction of a new building to be located in Evansville. The project is expected to create 9 new jobs in the next three years. The bonds will be directly purchased by Old National Bank under IDFA's Small Bond Program.

**Posey County Rehabilitation Services, Inc. ("PCRS"):** \$240,000. PCRS provides residential living services to the developmentally disabled. Staff teach and train the residents on every aspect of daily living to achieve their maximum level of independence. Bond proceeds will be used for the new construction of a group home/residential facility for the developmentally disabled. The project is located in Mt. Vernon. PCRS currently employs 73 people and expects to create 2 new jobs in the next three years. The bonds will be directly purchased by Old National Bank under IDFA's Small Bond Program.

**Evansville ARC, Inc.:** \$1,000,000. Evansville ARC, Inc. provides various programs to persons with developmental disabilities. These programs are meant to help the disabled to reach their full potential as viable community members. Examples of these programs include: ARC Industries, which provides work and training programs by allowing individuals to work in a manufacturing facility; and Community Job Link, which provides opportunities for training and employment in community businesses. Bond proceeds will be used for the refinancing of indebtedness on two facilities located at Evansville. The company currently employs 193 individuals. The bonds will be directly purchased by Old National Bank under IDFA's Small Bond Program.

**Southlake Young Mens Christian Association, Inc.:** \$2,000,000. Southlake YMCA has been serving individuals and families of south Lake County since 1976. Bond proceeds will be used for a building addition of 12,816 square feet and the purchase of new equipment. The YMCA is located in Crown Point, currently employs 106 people and expects to create 55 new jobs in the next three years.

**The Rehabilitation Center, Inc.:** \$2,500,000. The Rehabilitation Center provides physical, occupational and speech therapy to people with disabilities and also provides daycare services for children with disabilities. Bond proceeds will be used to purchase machinery and equipment and to refinance existing taxable loans. The Center is located in Evansville. It currently employs 356 people and expects to create an additional 30 jobs in the next three years.

### Refunding Bonds

No refunding bonds were issued during Fiscal Year 2001-2002.

## *Industrial Development Project Guaranty Program*

The IDFA's Industrial Development Project Guaranty Program ("Loan Guaranty") works with lenders all over the State to provide funding to promising Indiana businesses that may not be eligible for conventional financing. This supports high growth/high technology companies, industrial development projects, rural development projects and agricultural enterprises.

Through the Loan Guaranty Program, IDFA seeks partnerships with other resources, such as the Small Business Administration (SBA) and the U.S. Department of Agriculture (USDA). These partnerships help enhance business credits, distribute risk, leverage dollars, and ultimately make funding available to more Hoosier businesses. In this way, state, federal and local resources come together to support the continued growth of Indiana's economy.

The IDFA guarantees loans to Hoosier businesses that span the universe of applications and markets; examples range from the technology-driven company that creates testing equipment and research models for NASA space missions to the agriculturally focused company that manufactures new designs for agriculture crop sprayers

In total, the IDFA has participated in the funding of more than 85 projects by providing over \$86 million in guaranteed loans to Indiana businesses.

# Indiana

## Development Finance Authority

### *Environmental Remediation Revolving Loan Fund*

As Indiana cities, towns and counties grapple with maintaining and strengthening their economic development efforts, problems related to unplanned or uncontrolled community growth are also moving to the forefront of community awareness. Fortunately brownfields redevelopment provides a simple solution for bolstering economic development and addressing urban sprawl.

A “brownfield” – property that is abandoned or underutilized due to the actual or perceived threat of environmental contamination – is located in most, if not every, Indiana community. When unaddressed, their presence leads to diminished economic capacity due to lost tax revenue, lower property values, and the relocation of neighboring businesses from their typical urban locations to undeveloped and often unimproved “greenfields.”

As in preceding years, Fiscal Year 2001/2002 involved significant interest in funding from IDFA for brownfields redevelopment efforts. IDFA continues to note the trend within Indiana communities to develop and implement their own local brownfields strategies. All Indiana communities can obtain direct financial and technical assistance through the Indiana Environmental Remediation Revolving Loan Fund (the “Brownfields Fund”). Communities that have utilized the Brownfields Fund are now discovering successful and proactive methods for reclaiming their brownfields.

***Financial Assistance in Fiscal Year 2001/2002*** – IDFA continued its co-administration of the Indiana’s Brownfields resources – a collaboration between the Indiana Department of Environmental Management (IDEM) and the IDFA – through the management of the Brownfields Fund.

Grants are available for environmental site investigations from the Brownfields Fund, and low-interest loans are available for environmental remediation and demolition activities. During Fiscal Year 2001/2002, IDFA awarded \$461,841 in site investigation grants to sixteen (16) different communities and \$1,847,800 in partially forgivable loans for remediation and demolition activities to five (5) different communities. Four of the five loan recipients are eligible for partial loan forgiveness totaling \$369,560, pending their achievement of economic development goals developed for their individual redevelopment projects.

Since the start of the Brownfield Program in 1998, the Brownfields Fund has provided more than \$10,190,281 in grant and low-interest loan funding to further redevelopment efforts in more than 100 different communities across Indiana.



## *Brownfield Site Assessment Grants*

### **ROUND 9 - AWARDED FALL 2001** **\$258,634 in grants awarded**

#### **BLOOMINGTON**

**Grant Award: \$50,000**

**Category: Large Community**

**Project Description:**

The City of Bloomington received a site assessment grant for investigation of the McDoel Switch Yard brownfield located in southern Bloomington. For over 100 years, the site has been utilized as a rail switch yard by many rail entities. The McDoel site currently experiences limited use and is owned by CSX. Bloomington, with help from CSX, would like to relocate the switch yard and redevelop this area. Redevelopment plans will potentially include mixed re-uses like an urban park, housing, bike and walk trails, and modern transportation facilities, including possible rail service for students and residents. The grant award of \$50,000 will be used to conduct a Phase I site assessment, in addition to soil and ground-water testing throughout the 70-plus acre site.

#### **ELKHART**

**Grant Award: \$42,000**

**Category: Large Community**

**Project Description:**

The City of Elkhart received a site assessment grant to investigate four parcels (known locally as the Benham West site) located along Wagner and Indiana Streets in urban Elkhart. These sites were once part of a larger rail yard area. Three of the four parcels have been owned by the City of Elkhart since the 1970s, when it purchased much of the neighborhood for an urban renewal project. Because the project never materialized after on-site buildings were demolished, these sites have remained vacant. The fourth parcel is currently operating as an automobile storage area. The City hopes to redevelop the properties into single family housing, a neighborhood park, retail space, and perhaps a museum. Limited environmental investigations have been performed on two of the sites, but these investigations did not completely define the nature or extent of the onsite contamination. The grant award for \$42,000 will be used for a Phase I site assessment and Phase II sampling and analysis on all four parcels.

# Indiana

## Development Finance Authority

### *Brownfield Site Assessment Grants, Continued*

#### **EVANSVILLE**

**Grant Award: \$50,000**

**Category: Large Community**

**Project Description:**

The City of Evansville received a supplemental site assessment grant for the continued investigation of environmental conditions on the property located at 201 South Seventh Avenue. Although the site has had different owners over the last 60 years, it has consistently remained a heavy metal salvage business. The site is currently owned by General Waste Products, Inc. A previous IDFA grant was awarded to the City and was used to perform a Phase II environmental assessment. Once the final components of the site characterization are complete, remediation and redevelopment will follow. Redevelopment plans include making the site part of the Pigeon Creek Greenway project to allow for recreation, alternative transportation routes, and educational opportunities for students and faculty at the University of Southern Indiana. The grant award of \$50,000 will be used for further soil and groundwater sampling activities.

#### **GREENWOOD**

**Grant Award: \$15,946**

**Category: Large Community**

**Project Description:**

The City of Greenwood received its first site assessment grant award for the investigation of two properties in close proximity to its downtown area. The properties are currently underutilized, housing a grain elevator and a transmission shop. The grain elevator was once used by Farm Bureau Co-Op, but is now vacant and falling into disrepair. The transmission shop property is presently the site of a privately owned transmission repair business, although a decade or more of use in this capacity has raised concerns about the environmental conditions of the property. Following the investigation of both parcels, Greenwood would like to purchase these brownfields and other adjacent properties to build a new City Hall. In addition to accommodating larger facilities, the new City Hall will also eliminate blight along Greenwood's Main Street corridor. The grant award of \$15,946 will be used to cover the costs for a Phase I site assessment, as well as soil and groundwater sampling at both properties.

## *Brownfield Site Assessment Grants, Continued*

### **MUNCIE**

**Grant Award: \$20,693**

**Category: Large Community**

**Project Description:**

The City of Muncie received a site assessment grant to investigate a portion of a property known locally as the Feeney Farm landfill. Located at 4500 North Broadway Avenue, the former Feeney Farm was the location of an old salvage yard and industrial landfill that operated primarily from 1960 to perhaps as late as 1980. Union Chapel Ministries purchased the site in 2000 for the purpose of building a new youth-oriented recreational center that will ultimately serve 1000+ youth in the Muncie community, as well as providing community meeting space. The site has been subject to previous environmental investigations, and an assessment performed as recently as February, 2001 indicated minimal contamination concerns in the construction area. However, upon groundbreaking, elevated – but perhaps isolated – levels of PCB contamination were discovered. The grant award will be used to conduct soil sampling and analysis in the construction area only, as the entire site is not currently being considered for immediate development.

### **HOLTON**

**Grant Award: \$5,000**

**Category: Small Community**

**Project Description:**

The Town of Holton received its first site assessment grant to investigate the vacant Holton School Building located along U.S. Highway 50. The only use of the building since its construction in 1956 has been as a school. The school closed during the 1980's and was purchased in 1992 by a private resident; roof damage is currently allowing the building to fall into disrepair. The community feels strongly about the redevelopment of this building in that it is a significant eyesore and its preservation and reuse would generate new investment in Holton. Although firm redevelopment plans are just now being developed, ideas for the property include the reuse as a business incubator, a community building, a YMCA branch, senior citizen housing, or possibly as a daycare center. The grant award of \$5,000 will fund a Phase I site assessment as well as asbestos and lead based paint surveys.

### **TELL CITY**

**Grant Award: \$13,985**

**Category: Small Community**

**Project Description:**

The City of Tell City received a site assessment grant in Round 8 for investigation of the former Tell City chair facility. Since the award, the investigation has been completed, revealing significant amounts of asbestos and localized soil and groundwater contamination in a former tank storage area. Since additional investigation is needed to fully assess the property for redevelopment, Tell City submitted a grant application requesting supplemental funding and was awarded \$13,985 to complete sampling activities at the former Tell City Chair site.

# I n d i a n a

## Development Finance Authority

### *Brownfield Site Assessment Grants, Continued*

#### **WASHINGTON**

**Grant Award: \$19,010**

**Category: Small Community**

**Project Description:**

The City of Washington received its first brownfields site assessment grant for three properties in its downtown area. The property of chief concern is an abandoned gas station that is suspected of having underground tanks still in place. The remaining two properties are older structures that have seen various uses over time; one building is currently vacant and the other building will soon be vacant. Asbestos contamination and possible heating oil contamination are the main concerns for these two properties. For all three properties, demolition of on-site buildings is planned, followed by conversion of the sites into much needed downtown parking spaces following remediation, if necessary. The grant award of \$19,010 will fund the completion of multiple Phase I site assessments and asbestos surveys, a geophysical study of the gas station to locate the tanks, as well as soil and groundwater sampling and analysis at the gas station.

#### **WINONA LAKE**

**Grant Award: \$42,000**

**Category: Small Community**

**Project Description:**

The Town of Winona Lake received its first brownfields grant for a challenging brownfield site known locally as the old Gatke Dump. The Gatke site was once owned by the Gatke Corporation, which manufactured asbestos-based brake linings and friction products, and this brownfield site was a former Gatke Corporation dumpsite from 1950 to 1974. Previous environmental testing of surface soils indicated the presence of a number of contaminants. The site is now vacant, overgrown with brush, and fenced off to discourage illegal dumping and vandalism. The site is located immediately adjacent to Grace College, who along with the Town of Winona Lake and other private developers, wishes to see the site redeveloped into a 2,500+ seat local event center that will serve Winona Lake, Warsaw and Kosciusko County. The environmental activities to be conducted with the \$42,000 grant include surface mapping of the site along with soil sampling and analysis.

## *Brownfield Site Assessment Grants, Continued*

### **ROUND 10 - AWARDED SPRING 2002** **\$203,207 in grants awarded**

#### **DUNKIRK**

**Grant Award: \$31,958**

**Category: Small Community**

**Project Description:**

The City of Dunkirk grant award will address one of its own priority gas station brownfields. The site is located on Main Street in Dunkirk and can be further described as: vacant since 1992, tax delinquent, abandoned by the owner, within the City's Wellhead Protection Area, and adjacent to several residences. In September of 2001, the Abandoned Tank Community Assistance Program (an IDEM initiative) was used to remove nine unregistered underground storage tanks at the site. Many of the soil samples collected during removal activities exceeded closure levels and further environmental investigation is warranted. In addition to private sector interest in the site, the City has entertained the possibility of moving a City office to the site, pending environmental results. Investigation activities to be conducted with the grant include Phase II soil and groundwater sampling and an interior environmental assessment of the on-site structure.

#### **FRANKFORT**

**Grant Award: \$29,634**

**Category: Small Community**

**Project Description:**

The City of Frankfort, in partnership with the Frankfort Public Library, received a brownfields grant to investigate four sites located in downtown Frankfort. Previous uses of two of the sites included: a gas station, automobile storage, auto repair shop, drycleaners, and appliance repair and sales shop. The remaining two sites in the study area have been, and currently are, residential lots. The Frankfort Public Library has a robust community demand for its services and facilities, and its expansion plan calls for redevelopment of these properties into additional parking areas, including the reuse of a residential structure for workshop purposes and facility storage. The project has been significantly slowed by the presence of groundwater contamination discovered in initial due diligence investigations. Frankfort will utilize the grant to define the source of contamination on the four properties and will also gauge the magnitude of the groundwater contamination problem. The grant award will be used to install multiple monitoring wells and complete soil and groundwater sampling and analysis.



# Indiana

## Development Finance Authority

### *Brownfield Site Assessment Grants, Continued*

#### **FRANKLIN**

**Grant Award: \$18,351**

**Category: Small Community**

**Project Description:**

The City of Franklin received its first local brownfields project award for the site known locally as the Central L&M Lumber Supply property. This site has been in existence as a lumber/hardware and custom millworking operation since 1925 and as a coal storage yard prior to that. The site, located squarely in what is now a residential neighborhood, saw its retail success gradually decline until its closing in 2000. Strong interest has been demonstrated locally for the rezoning and reuse of the multi-acre site for residential and mixed use purposes. Investigation activities to be conducted with the grant include a Phase I site assessment and Phase II soil and groundwater sampling.

#### **RISING SUN**

**Grant Award: \$19,040**

**Category: Small Community**

**Project Description:**

The City of Rising Sun began its second local brownfields project with a site known as the Fryman Property. In 1999 Rising Sun began a planning process with the goal of developing a master vision for its riverfront properties. Phase I of the plan included an erosion control project which was completed with the assistance of a Lilly Foundation grant. Phase II includes other development and recreational improvements, as well as a Port of Entry Project, and the Fryman Property is central to those efforts. This 1.3 acre site was purchased by Rising Sun in October 2001 and must be investigated prior to redevelopment due to several decades of use as an automobile junkyard. Environmental activities to be conducted with the grant include a Phase I site assessment and Phase II soil and groundwater sampling.

#### **RICHMOND**

**Grant Award: \$13,967**

**Category: Large Community**

**Project Description:**

The City of Richmond continued to make notable progress in its redevelopment efforts with a priority brownfields site known as the Starr Gennett / Whitewater Valley Gorge Project. This project is part of a very ambitious effort to reclaim an area that was both a former industrial and social center in Richmond history. Future reuse plans for the site include recreational trails and greenways, an outdoor amphitheater and a jazz museum. A site assessment grant for this site was previously awarded by the IDFA and investigation activities revealed the presence of petroleum contamination. This supplemental grant award will fund an additional Phase II site investigation that completely defines the extent of the petroleum contamination in order for remediation planning to begin.

## *Brownfield Site Assessment Grants, Continued*

### **ST. JOSEPH COUNTY**

**Grant Award: \$50,000**

**Category: Large Community**

**Project Description:**

As part of a local partnership between St. Joe County, the City of South Bend, and a private developer, St. Joe County received a grant award to begin the investigation of the former Fitterling Landfill brown-field site that it acquired in 2001 for back taxes. The 26-acre site operated as an unauthorized dump for decades, and served the surrounding businesses and industries. Strategically located along the South Gateway Commercial Corridor, the Fitterling Landfill is a geographic piece of a potential 50-plus acre redevelopment referenced as a “regional power shopping center.” As such, the development will include one or more retail anchors, restaurants, banks, and a hotel. All told, this site would accommodate between 250,000 and 450,000 square feet of building space with an estimated value between \$22 – 45 million. A previous environmental investigation indicated potential surface and subsurface contamination from the unregulated dumping of chemical drums, car batteries, asbestos, and PCB equipment as well as previous on-site underground storage tanks. The grant award for St. Joe County will be used to conduct Phase II activities, including soil and groundwater sampling and analysis.

### **SOUTH BEND**

**Grant Award: \$40,257**

**Category: Large Community**

**Project Description:**

The City of South Bend continued its aggressive brownfields efforts with two of its priority brownfields sites. The first site is known locally as the White Lightning property. Formerly four different properties, the White Lightning site has seen a multitude of previous uses, including: a gas station, a dry cleaner, a machine shop, and a motorcycle repair shop. The South Bend Heritage Foundation, a local non-profit developer, has purchased the property and is actively pursuing remediation and redevelopment. The City had received a USEPA pilot grant and utilized it to conduct a Phase I and Phase II, but further investigation is needed to determine the full extent of the contamination found during those studies. One potential reuse of the site that is strongly supported by the surrounding neighborhoods would be for a new fire station, pending the results of both an environmental and a service area study. The White Lightning grant award of \$26,028 will be used for monitoring well installation and soil and groundwater sampling and analysis.

The former Drewry’s Brewery brownfield site – now referred to locally as Omniplex – has previously received two IDFA grants totaling \$44,517. These grants identified the presence and extent of all the asbestos and lead paint in the facility and also identified the presence of petroleum contamination. The City of South Bend, the current owner, the local neighborhood, and the prospective developer continue to pursue a final development plan acceptable to all parties. The Omniplex grant amount of \$14,229 will enable all parties to understand the full extent of soil and groundwater petroleum contamination.

# Indiana

## Development Finance Authority

### *Brownfield Low-Interest Loans*

**FISCAL YEAR 2001/2002**  
**\$1,847,800 in loans awarded**

#### **INDIANAPOLIS**

**Loan Award: \$60,000**

**Project Description:**

The City of Indianapolis received a low-interest brownfields loan for the remediation of environmental conditions on the property located at 1520 N. Central Avenue. After its construction in 1971, the site has been a gas station, an auto service shop, and a laundromat/dry cleaner. Previous site investigations have shown that underground tanks have been removed, and soil samples have indicated a presence of diesel fuel. Now vacant, the property has been purchased by Central 13 Redevelopment Inc. Once remediation is complete, Central 13 Redevelopment and Titan Homes Limited Partnership will begin new construction on both this property and adjacent lots. This new construction will create four to five new condominiums on the remediation site as well as five single family detached homes on the adjacent properties. This new urban housing helps to achieve the downtown urban revitalization initiative as well as helping to fill the need for new downtown housing. The total loan amount is \$60,000, and up to 20% of the loan is forgivable pending the achievement of economic development goals. Activities to be conducted with the loan proceeds include soil sampling and removal, groundwater sampling, and building demolition.

#### **INDIANAPOLIS**

**Loan Award: \$175,000**

**Project Description:**

The City of Indianapolis received its second low-interest brownfields loan, on behalf of the Brownfields Development Group (BDG), for the remediation of environmental conditions on the property located at 1426 W. 29th Street. The property is known as the former headquarters of the Indianapolis Parks Department, and had been used for departmental operations, including vehicle maintenance, for over 30 years prior to being mothballed in 1999. The property is now owned by BDG, an Indiana based company that focuses on acquiring environmentally contaminated property for the purpose of cleanup and redevelopment. The unique nature of this project is that BDG not only owns the property, but is also utilizing it for its own corporate headquarters. Following some initial aboveground remediation and building remodeling, the building is also suitable for use by neighborhood groups and businesses needing office space. Remediation will allow the property, including its 125,000 square foot building, to be 100% utilized. Soil and groundwater cleanup, as well as asbestos removal, will be funded by the loan. Up to 20% of the total loan amount may be forgiven pending the achievement of economic development goals.

## *Brownfield Low-Interest Loans, Continued*

### **MICHIGAN CITY**

**Loan Award: \$287,800**

**Project Description:**

Michigan City received a low-interest brownfields loan for environmental activities at the former Josam Foundry site. This 22 acre site was originally developed by the Josam Corporation in the early 1900s for its sand mold and casting operations. Since the closing of the business due to bankruptcy in the 1980s, the property has been vacant. The current owner is 12 East Business Center, LLC, a partnership entity between the Michigan City Economic Development Corporation and the Northern Indiana Center for Land Renewal (NICLR). A prior IDFA site assessment grant in the amount of \$50,000 was awarded in 1998 to investigate this property and Indiana Department of Commerce Enterprise Zone Brownfields Grant funding has also been utilized at the site. The Indiana Department of Commerce, through its new Community Development Block Grant (CDBG) Brownfields Pilot Program, awarded the City \$287,800 for remediation and redevelopment activities at the site. Together, the CDBG grant and the IDFA loan will be used to complete remediation at the site. Once remediated, the intent is to redevelop the property for light industrial and commercial/retail users; private interests have already begun to explore potential sale options with 12 East Business Center. Up to 20% of the total loan may be forgiven pending the achievement of economic development goals.

### **NEW ALBANY**

**Loan Award: \$350,000**

**Project Description:**

The City of New Albany received a low-interest brownfields loan for the remediation of environmental conditions at the historic St. Edward Hospital located at 703 East Spring Street in New Albany. The cornerstone of the hospital was laid in 1901 and served New Albany and Floyd County residents until its conversion to a nursing home in the 1960s. The new complex, to be named St. Edward Place, will create 57 new affordable housing rental units and will accomplish the significant community goal of preserving a local landmark. The total loan amount of \$350,000 may be up to 20% forgivable pending the achievement of economic development goals. Activities to be conducted with the loan proceeds include asbestos abatement, underground storage tank removal, and minor demolition of damaged building areas.

# Indiana

## Development Finance Authority

### *Brownfield Low-Interest Loans, Continued*

#### **TELL CITY**

**Loan Award: \$800,000**

**Project Description:**

Tell City received a low-interest brownfields loan for environmental activities at the former Tell City Chair Factory. The Chair Factory has been a significant blight on downtown Tell City, being just two blocks south of Main Street in the community. Tell City previously received two IDFA site assessment grants to perform environmental investigation tasks at the property. Results of the investigation identified moderate asbestos concerns, underground storage tanks, hazardous materials requiring disposal, and soil and groundwater contamination. As part of the total redevelopment plan for this site, Tell City also received grant funds from the Indiana Department of Commerce CDBG Brownfields Pilot Program. Together, the IDFA loan and the CDBG grant will allow Tell City to address environmental contamination and to demolish all but one of the structures on the eight acre site in anticipation of light manufacturing redevelopment. The total loan amount of \$800,000 may be up to 20% forgivable pending the achievement of economic development goals.

#### **WARSAW**

**Loan Award: \$175,000**

**Project Description:**

The City of Warsaw received a low-interest brownfields loan for environmental activities at a former industrial property in Warsaw known as the Gatke property. Warsaw previously received IDFA site assessment grant funding to begin investigation on the property. Environmental issues identified during those investigations will be the focus of future remediation activities including the removal of underground storage tanks, hazardous materials disposal, and asbestos abatement. Following remediation activities and demolition of select structures at the site, one potential redevelopment opportunity includes the creation of a transportation museum at the site. Up to 20% of the total loan amount may be forgiven pending the achievement of economic development goals.



# Financial Statement - Auditors Commentary



## REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS

Indiana Development Finance Authority  
State of Indiana

We have audited the governmental fund balance sheet / statement of net assets of Indiana Development Finance Authority (Authority), as of June 30, 2002, and the related statement of governmental fund revenues, expenses and changes in fund balances / statement of activities for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Guidelines for Audits of State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2002, and the results of their operations and changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the other required supplementary information on pages 3 through 5 and 23 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The supplemental schedules of special revenue fund balance sheets and special revenue fund revenues, expenses, and changes in fund balances are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Crowe, Chizek and Company LLP*  
Crowe, Chizek and Company LLP

# Indiana

## Development Finance Authority

### *Management Discussion and Analysis*

This section of the Indiana Development Finance Authority (Authority) financial report provides a discussion and analysis of the financial performance during the year ended June 30, 2002. Please read it in conjunction with the Report of Independent Auditors at the front of this report and the financial statements, which immediately follow this section.

#### **FINANCIAL HIGHLIGHTS**

The Authority's total net assets increased by \$14,299,291, or 47.2%, for the year ended June 30, 2002. This increase is attributable to several factors, including: funding of a new brownfields initiative, receipt of state funds for the 21<sup>st</sup> Century Research and Technology Fund, and additional appropriations to the Industrial Development Project Guaranty Fund (the "Guaranty Fund") related to certain reimbursement obligations. In the year ended June 30, 2002, the Authority also recognized an approximate 3.5% decrease in expenses from the previous year.

As a result of the bankruptcy of Qualitech and Heartland Steel (described in Note 7), the Authority continues to work with the State to see that debt service on the related bonds is paid.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The public purposes of the Authority are to:

- Promote opportunities for gainful employment and business opportunities by the promotion and development of industrial development projects, rural development projects, mining operations, international exports and agricultural operations;
- Promote educational enrichment (including cultural, intellectual, scientific or artistic opportunities) by the promotion and development of educational facility projects;
- Promote affordable farm credit and agricultural loan financing for farming and agricultural enterprises;
- Prevent and remediate environmental pollution by the promotion and development of industrial development projects; and
- Promote affordable childcare financing.

The Governmental Fund Balance Sheet / Statement of Net Assets is the first financial statement included in this report. It represents the financial condition of the Indiana Development Finance Authority on the last day of the reporting year. The Statements of Governmental Funds Revenues, Expenses and Changes Fund Balances / Statement of Activities, reflects the activities of the Indiana Development Finance Authority from the first day of the reporting year through the last. This statement reflects what revenues were generated through the year and what expenses were required to generate those revenues.

The accompanying notes to financial statements explain some of the information in the financial statements and provide more detailed data.

# Management Discussion and Analysis, Continued

## FINANCIAL ANALYSIS OF THE INDIANA DEVELOPMENT FINANCE AUTHORITY

### Net Assets

The net assets of the Indiana Development Finance Authority were \$44,581,759 at June 30, 2002, which represents a 47.2% increase from the prior year. Total assets increased by \$14,302,284, while total liabilities increased by \$2,993.

|             | <u>2002</u>          | <u>2001</u>          |
|-------------|----------------------|----------------------|
| Assets      | \$ 45,547,239        | \$ 31,244,955        |
| Liabilities | <u>965,480</u>       | <u>962,487</u>       |
| Net Assets  | <u>\$ 44,581,759</u> | <u>\$ 30,282,468</u> |

### Change in Net Assets

The increase in net assets was \$14,299,291 for the year ended June 30, 2002 as compared to a decrease of net assets of \$488,797 for the prior year. Revenue increased by \$13,850,096, which represents a 52.8% change from the prior year. Expenses decreased by \$937,992, which represents a 3.5% change from the prior year.

|                      | <u>2002</u>       | <u>2001</u>       |
|----------------------|-------------------|-------------------|
| Revenues             | \$ 40,076,219     | \$ 26,226,123     |
| Expenses             | <u>25,776,928</u> | <u>26,714,920</u> |
| Change in net assets | <u>14,299,291</u> | <u>(488,797)</u>  |

There are three primary reasons for changes from the prior year to the current year:

- The new Petroleum Remediation Grant Fund Program had appropriation revenue of \$4,500,000 with no expenses recorded for the current year.
- The Indiana 21<sup>st</sup> Century Research and Technology Fund Program received state funding for grant awards in excess of those awards disbursed by year-end. The fund has \$5,596,202 restricted for grant awards and administration.
- The Guaranty Fund received additional appropriations to pay debt service on the Heartland Steel bonds (see Note 7). Appropriations received for the year ended June 30, 2002 were \$3,462,500, while appropriations for the year ended June 30, 2001 were \$1,918,750. Debt service recorded for the year ended June 30, 2002 was \$2,395,039, while debt service for the year ended June 30, 2001 was \$4,031,122.

# Indiana

## Development Finance Authority

### *Management Discussion and Analysis, Continued*

#### **ANALYSIS OF INFRASTRUCTURE ASSETS**

The Indiana Development Finance Authority does not own infrastructure assets.

#### **CAPITAL AND DEBT ADMINISTRATION**

The Authority does not own assets that meet the capitalization requirements and is not legally obligated to pay any outstanding short term or long-term debt at June 30, 2002 (see Note 7).

#### **ECONOMIC FACTORS**

A majority of the Authority's funding comes from State of Indiana appropriations to perform and administer State-authorized programs. Appropriations are made on a biennial basis. Other funding includes fees received in connection with program administration and management, as well as investment earnings.

# Financial Statement

## GOVERNMENTAL FUNDS BALANCE SHEET STATEMENT OF NET ASSETS June 30, 2002

|   | Governmental Fund Types |                          |                      | Adjustments      | Statement           |
|---|-------------------------|--------------------------|----------------------|------------------|---------------------|
|   | General<br>Fund         | Special Revenue<br>Funds | Total                | (Note 1)         | of Net Assets       |
| <b>Assets</b>                           |                         |                          |                      |                  |                     |
| <b>Current assets</b>                   |                         |                          |                      |                  |                     |
| Cash and cash equivalents (Note 2)      | \$ 817,567              | \$ 15,511,422            | \$ 16,328,989        | \$ -             | \$ 16,328,989       |
| CAP cash accounts (Note 3)              | -                       | 672,869                  | 672,869              | -                | 672,869             |
| Investments (Note 2)                    | -                       | 22,391,268               | 22,391,268           | -                | 22,391,268          |
| Accrued interest receivable             | 276                     | 278,638                  | 278,914              | -                | 278,914             |
| Accounts receivable                     | 58,852                  | -                        | 58,852               | -                | 58,852              |
| Loans receivable, net (Notes 5,8 and 9) | -                       | 5,816,347                | 5,816,347            | -                | 5,816,347           |
| Interfund loan receivable (Note 4)      | 27,960                  | 296,779                  | 324,739              | (324,739)        | -                   |
| Total current assets                    | <u>904,655</u>          | <u>44,967,323</u>        | <u>45,871,978</u>    | <u>(324,739)</u> | <u>45,547,239</u>   |
| <b>Liabilities</b>                      |                         |                          |                      |                  |                     |
| <b>Current liabilities</b>              |                         |                          |                      |                  |                     |
| Accounts payable and accrued expenses   | \$ 65,480               | \$ -                     | \$ 65,480            | -                | 65,480              |
| Interfund loan payable (Note 4)         | 296,779                 | 27,960                   | 324,739              | (324,739)        | -                   |
| Allowance for guaranty claims (Note 6)  | -                       | 900,000                  | 900,000              | -                | 900,000             |
| Total current liabilities               | <u>362,259</u>          | <u>927,960</u>           | <u>1,290,219</u>     | <u>(324,739)</u> | <u>965,480</u>      |
| <b>Fund balances/Net assets</b>         |                         |                          |                      |                  |                     |
| Fund balances:                          |                         |                          |                      |                  |                     |
| Reserved (Note 11)                      | -                       | 11,162,747               | 11,162,747           |                  |                     |
| Unreserved                              | 542,396                 | 32,876,616               | 33,419,012           |                  |                     |
| Total fund balance                      | <u>542,396</u>          | <u>44,039,363</u>        | <u>44,581,759</u>    |                  |                     |
| Total liabilities and fund balances     | <u>\$ 904,655</u>       | <u>\$ 44,967,323</u>     | <u>\$ 45,871,978</u> |                  |                     |
| <b>Net assets:</b>                      |                         |                          |                      |                  |                     |
| Unrestricted                            |                         |                          |                      |                  | <u>\$44,581,759</u> |

• See accompanying notes to combined financial statements.



# Indiana

## Development Finance Authority

### Financial Statement, Continued

#### STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENSES AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES Year ended June 30, 2002

|  | <u>General</u>    | <u>Special<br/>Revenue</u> | <u>Total</u>         | <u>Adjustments<br/>(Note 1)</u> | <u>Statement of<br/>Activities</u> |
|--|-------------------|----------------------------|----------------------|---------------------------------|------------------------------------|
| <b>Government activity revenues</b>                          |                   |                            |                      |                                 |                                    |
| State appropriations   | \$ -              | \$ 12,748,750              | \$ 12,748,750        | \$ -                            | \$ 12,748,750                      |
| Other state funding  | -                 | 25,318,681                 | 25,318,681           | -                               | 25,318,681                         |
| Investment earnings  | 8,784             | 1,516,537                  | 1,525,321            | -                               | 1,525,321                          |
| Realized and unrealized gains on investments                 | -                 | 245,792                    | 245,792              | -                               | 245,792                            |
| Financing fees and premiums (Note 12)                        | 154,300           | 30,264                     | 184,564              | -                               | 184,564                            |
| Other fee income   | 22,680            | -                          | 22,680               | -                               | 22,680                             |
| Rental income (Note 13)                                      | <u>30,431</u>     | <u>-</u>                   | <u>30,431</u>        | <u>-</u>                        | <u>30,431</u>                      |
| Total revenues   | <u>216,195</u>    | <u>39,860,024</u>          | <u>40,076,219</u>    | <u>-</u>                        | <u>40,076,219</u>                  |
| <b>Government activity expenses</b>                          |                   |                            |                      |                                 |                                    |
| Salary and benefits  | 491,653           | 141,559                    | 633,212              | -                               | 633,212                            |
| Professional services  | 151,375           | -                          | 151,375              | -                               | 151,375                            |
| Administrative expenses                                      | 114,449           | 429,926                    | 544,375              | -                               | 544,375                            |
| Office Rent  | 92,966            | 20,359                     | 113,505              | -                               | 113,505                            |
| Bank and trustee fees  | 1,513             | 33,536                     | 35,049               | -                               | 35,049                             |
| Provision for loan forgiveness (Notes 8 and 9)               | -                 | 617,000                    | 617,000              | -                               | 617,000                            |
| Reimbursement agreement loss (Note 7)                        | -                 | 2,395,039                  | 2,395,039            | -                               | 2,395,039                          |
| Grant awards   | -                 | 20,448,362                 | 20,448,362           | -                               | 20,448,362                         |
| CAP claims (Note 3)  | <u>-</u>          | <u>839,011</u>             | <u>839,011</u>       | <u>-</u>                        | <u>839,011</u>                     |
| Total expenses   | <u>851,956</u>    | <u>24,924,972</u>          | <u>25,776,928</u>    | <u>-</u>                        | <u>25,776,928</u>                  |
| <b>Excess (deficiency) of revenues over expenses</b>         | (635,761)         | 14,935,052                 | 14,299,291           | -                               | 14,299,291                         |
| <b>Other financing sources (uses)</b>                        |                   |                            |                      |                                 |                                    |
| Transfers - internal activities                              | <u>777,132</u>    | <u>(777,132)</u>           | <u>-</u>             | <u>-</u>                        | <u>-</u>                           |
| <b>Excess of revenues and sources over expenses and uses</b> | 141,371           | 14,157,920                 | 14,299,291           | -                               | 14,299,291                         |
| <b>Fund balances/net assets:</b>                             |                   |                            |                      |                                 |                                    |
| Beginning of year  | <u>401,025</u>    | <u>29,881,443</u>          | <u>30,282,468</u>    | <u>-</u>                        | <u>30,282,468</u>                  |
| End of year  | <u>\$ 542,396</u> | <u>\$ 44,039,363</u>       | <u>\$ 44,581,759</u> | <u>\$ -</u>                     | <u>\$ 44,581,759</u>               |

• See accompanying notes to combined financial statements.

# Notes to Financial Statement

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Indiana Development Finance Authority (the Authority) was established by the Indiana General Assembly, in 1990, as a body, both corporate and politic, to independently exercise essential public functions. The public purposes of the Authority are to: (a) promote opportunities for gainful employment and business opportunities by the promotion and development of industrial development projects, rural development projects, mining operations, international exports and agricultural operations; (b) promote educational enrichment (including cultural, intellectual, scientific or artistic opportunities) by the promotion and development of educational facility projects; (c) promote affordable farm credit and agricultural loan financing for farming and agricultural enterprises; (d) prevent and remediate environmental pollution by the promotion and development of industrial development projects; and (e) promote affordable childcare financing. The accompanying financial statements report only on the financial activities associated with the Authority, which is a component unit of the State of Indiana. The financial statements do not represent a comprehensive annual financial report of the State of Indiana.

Government-wide and Fund Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Authority only uses governmental funds. Government funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

# Indiana

## Development Finance Authority

### Notes to Financial Statement, Continued

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reconciliation of Governmental Fund Balance Sheet / Statement of Net Assets: In addition to elimination of interfund balances, the following items reflect adjustments to fund balances to derive net asset balances:

|                                     |                      |
|-------------------------------------|----------------------|
| Governmental funds balance          | \$ 44,581,759        |
| Eliminate interfund loan receivable | (324,739)            |
| Eliminate interfund loan payable    | <u>324,739</u>       |
| Net Assets                          | <u>\$ 44,581,759</u> |

Fund Accounting: The accounts of the Authority are organized based on funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, expenditures, and operating transfers, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type for financial reporting purposes as governmental funds as follows:

**General Fund:** The General Fund is used to account for all activities of the Authority not required to be accounted for in another fund. Examples of activities accounted for in the General Fund include the State Private Activity Bond Ceiling Program, various bond issue and refunding programs, and operational budgets.

**Special Revenue Funds:** Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for a specified purpose. The Authority's Special Revenue Funds include the following:

The **Capital Access Program (CAP) Fund** enables banks to make loans to Indiana businesses that may not meet traditional lending requirements. The foundation of CAP is the establishment of a reserve fund into which the borrower, bank, and the Authority contribute. When a CAP loan is made, the borrower and the bank each deposit a small percentage of the loan (1.5% - 3.5%) into the bank's reserve fund, and the Authority matches the combined payment. The reserve fund is available for the bank to use to cover losses of any loans made by it under the CAP program. Claims made during the year totaled \$839,011.

## *Notes to Financial Statement, Continued*

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The **Industrial Development Project Guaranty Fund (Guaranty Fund)** provides flexible loan guaranties to banks for various economic development projects. Indiana businesses that are unable to qualify for conventional financing can utilize the Authority's loan guaranty programs for high tech, industrial, rural and agriculture development projects. The loan guaranty program offers guaranties from 75% to 90% of the principal deficiency on a loan of up to \$2,000,000 for industrial development projects. At June 30, 2002, the Authority had outstanding guaranties aggregating \$2,254,967 and no outstanding guaranty commitments.

The **Business Development Loan Fund** is used for activities relating to the Business Development Loan Program. The primary purpose of the Business Development Loan Fund is to grant loans to qualified borrowers so that they may carry out an industrial development project consistent with the requirements of the related statute (4-4-11-16.5). As of June 30, 2002, there were no loan commitments outstanding.

The **Rural and Agricultural Development Fund** is used for activities relating to the Rural and Agricultural Program. The Fund's primary purpose is to create or retain employment within the State of Indiana to benefit any agriculture enterprise or rural development project. The loan guaranty program offers guaranties from 75% to 90% of the principal deficiency on a loan of up to \$300,000 for rural and agriculture projects. At June 30, 2002, the Authority had outstanding guaranties aggregating \$293,880 and no outstanding guaranty or loan commitments.

The **Underground Storage Tank Fund** is used to account for the activities of the Underground Storage Tank (UST) Program, which assists low-income underground storage tank owners with the Environmental Protection Agency's 1998 upgrade/closure requirements. Grant expenses recognized during the year ended June 30, 2002 were \$54,559. There were no grants, outstanding loans, or loan commitments at June 30, 2002.

The **Environmental Remediation Revolving Loan Fund** was created in 1997 by the General Assembly to facilitate economic development and environmental remediation for inactive or abandoned industrial or commercial property in which redevelopment is difficult due to environmental issues. The Authority administers the State's Brownfield Grant and Loan Program. There was \$63,108 in grant commitments and \$1,262,800 outstanding loan commitments at June 30, 2002.

# Indiana

## Development Finance Authority

### *Notes to Financial Statement, Continued*

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The **Indiana 21st Century Research and Technology Fund** was established by the State in 1999 to support the expansion of the high technology sector of Indiana's economy, with the expectation of creating significant economic impact and job growth. The Fund provides grant awards to Indiana businesses, institutions of higher educations and other organizations to compete for research and development funding; to stimulate the transfer of research and technology into marketable products; to diversify Indiana's economy through effective public/private partnerships. The State Budget Agency and the Fund's Board review grant submissions recommended by peer review panels and approve grant disbursements under the program. The Authority administers the program and submits grantee claims to the State Budget Agency for draws.

The **Petroleum Remediation Grant Initiative Fund** is a new component of the Environmental Remediation Revolving Loan Fund that provides assistance to cities, towns, and counties in Indiana to complete remediation of petroleum contamination at Brownfield sites. The Authority administers the program in cooperation with the Indiana Department of Environmental Management. There were no grant commitments outstanding at June 30, 2002.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates include allowances for loans, guaranty and CAP claims and related commitments.



# Notes to Financial Statement, Continued

## NOTE 2 – CASH AND INVESTMENTS

The Authority maintains separate demand deposit or trust accounts for each fund. At June 30, 2002, the Authority's demand deposit account balances were \$1,400,020 and the bank balances were \$286,196. Trust account cash and money market accounts were \$14,928,969 at June 30, 2002. Investments made by the Authority are reported at market value and are summarized below:

|                                       | <u>Carrying<br/>Value</u> | <u>Market<br/>Value</u> |
|---------------------------------------|---------------------------|-------------------------|
| Repurchase agreements                 | \$ 5,596,202              | \$ 5,596,202            |
| Government and agency obligations     | 16,434,501                | 16,691,786              |
| Corporate Notes and other investments | <u>100,000</u>            | <u>103,280</u>          |
|                                       | <u>\$ 22,130,703</u>      | <u>\$ 22,391,268</u>    |

Indiana statute authorizes the Authority to invest in obligations of the United States Treasury and U.S. agencies, repurchase agreements and other approved investment vehicles. Repurchase agreements are required to be fully collateralized by interest bearing obligations, as determined by the current market value computed on the day the agreement is effective. All investments are uninsured and unregistered (category 2), with securities held by bank trust departments in the Authority's name.

## NOTE 3 – CAPITAL ACCESS PROGRAM (CAP) CASH

At June 30, 2002, CAP cash account balances held in participating banks in the Authority's name aggregated to a net amount of \$672,869. The balances include the Authority's matching payments on the aggregate of the borrowers' and banks' payments of \$5,030,316 offset by an allowance of \$4,357,447 recorded for CAP claims based on aggregate borrower and lender contributions to the CAP program. All CAP cash accounts held by participating banks are pledged as security on CAP loans outstanding of approximately \$50,200,000 at June 30, 2002. Since inception of the program, CAP has originated approximately \$125,500,000 of loans.

# Indiana

## Development Finance Authority

### Notes to Financial Statement, Continued

#### NOTE 4 – INTERFUND LOANS RECEIVABLE AND PAYABLE

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund. To the extent that certain transactions between funds have not been paid or received, interfund receivable and payable balances have been recorded at June 30, 2002.

|   | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|---|---------------------------------|------------------------------|
| General Fund                                      | \$ 27,960                       | \$ 296,779                   |
| Guaranty Fund                                     | 296,779                         | -                            |
| Indiana 21st Century Research and Technology Fund | <u>-</u>                        | <u>27,960</u>                |
|   | <u>\$ 324,739</u>               | <u>\$ 324,739</u>            |

#### NOTE 5 – LOANS RECEIVABLE – GUARANTY FUND

Loans receivable under the Guaranty Fund were comprised of the following at June 30, 2002:

In June 1997, the Authority advanced \$450,000 under a promissory note to a company within Indiana. The note is payable in monthly installments of \$5,225, including interest at 7%, from June 1997 to July 2007. The note is secured by substantially all property, equipment, and inventory of the borrower.

\$ 272,149

In June 1997, the Authority advanced \$1,000,000 under a promissory note to a company within Indiana for equipment purchases and permanent working capital. The note is payable in monthly installments of \$12,485, including interest at 7%, from June 1997 to August 2007. The note is secured by substantially all property and equipment, inventory and personal guaranties of the borrower.

677,502

\$ 949,651

Interest earned on these loans during the year ended June 30, 2002 was \$90,266.

## *Notes to Financial Statement, Continued*

### **NOTE 6 – ALLOWANCE FOR CLAIMS – GUARANTY FUND**

The Guaranty Fund was established by the Indiana General Assembly primarily for the purpose of guaranteeing various percentages of loans, bonds, letters of credit, and equipment leases used by qualified lenders. Periodically, the Indiana General Assembly appropriates funds to the Guaranty Fund. Available funds may be increased or decreased by the income and expenses attributable to the Authority's Guaranty Program, including payments required upon guaranteed loan defaults.

Guaranties are not backed by the full faith and credit of the State of Indiana. Payments of guaranty claims can be made only from the Guaranty Fund. Currently, for the Guaranty Program, the Authority is authorized to extend guaranties aggregating eight times the amount of the Guaranty Fund balance. At June 30, 2002, the Authority had outstanding loan guaranties aggregating \$2,548,847 and no outstanding loan guaranty commitments.

The Authority has also entered into certain agreements, which include a requirement that under certain circumstances the Authority either use existing guaranty funds or seek appropriations from the Indiana General Assembly. In addition to projects described in Note 7, on May 25, 1995, the Authority issued \$21,400,000 aggregate principal amount of its Taxable Economic Development Revenue Bonds, Series 1995 (Steel Dynamics, Inc. Project), secured in part by a debt service reserve fund established exclusively for the Steel Dynamics bonds. As of June 30, 2002, a principal amount of \$16,500,000 of the Steel Dynamics bonds remains outstanding. After the close of the Authority's fiscal year, Steel Dynamics effectively refinanced its bonds by converting into a bank loan under which the Authority remains obligated to use guaranty funds or seek appropriations under certain circumstances.

The Allowance for Guaranty Claims is recorded in the Special Revenue Fund (Guaranty Fund) and represents amounts that management estimates to be adequate to provide for future claims resulting from borrower defaults on loans, bonds or equipment leases guaranteed by the Authority pursuant to its Guaranty Program. In arriving at a judgment about the adequacy of the allowances, consideration has been given to problem guaranties, historical losses, economic conditions, and other factors affecting the outstanding guaranties.

### **NOTE 7 – REIMBURSEMENT AGREEMENT LOSS – GUARANTY FUND**

**Qualitech Steel** - The Authority is a party to an Amended and Restated Reimbursement Agreement with Qualitech Steel Corporation, a Debtor-in-Possession by virtue of its filing a petition for relief under Chapter 11 of the United States Bankruptcy Code, in a case pending in the United States Bankruptcy Court for the Southern District of Indiana ("Qualitech"), and Bank One, Indiana, NA ("Bank"), relating to Indiana Development Finance Authority Taxable Variable Rate Demand Economic Development Revenue Bonds, Series 1996 (Qualitech Steel Corporation Project) ("Bonds").

# Indiana

## Development Finance Authority

### *Notes to Financial Statement, Continued*

#### **NOTE 7 – REIMBURSEMENT AGREEMENT LOSS – GUARANTY FUND (Continued)**

The Bank issued an irrevocable direct-pay letter of credit to further secure the Bonds. Such letter of credit replaced a letter of credit issued by another bank upon original issuance of the Bonds. As a result of Qualitech's payment default with respect to the Bonds, the Authority agreed with the Bank to use money lawfully available to the Authority, including money appropriated by the Indiana General Assembly, to make bond and related payments. As a result, the Bank agreed not to declare a default under the Amended and Restated Reimbursement Agreement, so that the Bonds remain outstanding.

If a default were declared, the Authority could be obligated to pay the principal of and interest on the Bonds. This would result in recognition of losses in future years. The amount of this contingency is the outstanding principal amount of the Bonds, \$27,500,000 as of June 30, 2002. Current debt service reserve funds of \$3,667,000 would be available to reduce the contingent obligation.

During the fiscal year ending June 30, 2002, the Authority recorded expenses for bond and related payments of \$1,698,578 for Qualitech. For the 2001-2003 biennial budget, the Indiana General Assembly appropriated \$8,350,000 for Qualitech bond and related payments, negating the need to access any other Authority funds in either FY 2002 or FY 2003.

**Heartland Steel** - The Authority is a party to an Amended and Restated Reimbursement Agreement with Heartland Steel, Inc., a Debtor-in-Possession by virtue of its filing a petition for relief under Chapter 11 of the United States Bankruptcy Code, in a case pending in the United States Bankruptcy Court for the Southern District of Indiana, and Bank One, Indiana, NA ("Bank"), relating to Indiana Development Finance Authority Taxable Variable Rate Demand Economic Development Revenue Bonds, Series 1998 (Heartland Steel, Inc. Project) ("Bonds").

The Bank issued an irrevocable direct-pay letter of credit to further secure the Bonds. As a result of Heartland's payment default with respect to the Bonds, the Authority agreed with the Bank to use money lawfully available to the Authority, including money appropriated by the Indiana General Assembly, to make bond and related payments. As a result, the Bank agreed not to declare a default under the Amended and Restated Reimbursement Agreement, so that the Bonds remain outstanding.

If a default were declared, the Authority could be obligated to pay the principal of and interest on the Bonds. This would result in recognition of losses in future years. The amount of this contingency is the outstanding principal amount of the Bonds, \$11,900,000, as of June 30, 2002. Current debt service reserve funds of \$2,241,750 would be available to reduce the contingent obligation.

## Notes to Financial Statement, Continued

### NOTE 7 – REIMBURSEMENT AGREEMENT LOSS – GUARANTY FUND (Continued)

During the fiscal year ending June 30, 2002, the Authority recorded expenses for bond and related payments of \$696,461. In the 2001-2003 biennial budget, the Indiana General Assembly appropriated \$1,000,000 for Heartland bond and related payments. However, bond and related payments for Heartland for the biennium are estimated at \$3,500,000, and will require the Authority to use guaranty funds.

### NOTE 8 – LOANS RECEIVABLE – ENVIRONMENTAL REMEDIATION REVOLVING LOAN FUND (BROWNFIELDS)

Loans receivable in the Environmental Remediation Revolving Loan Fund were comprised of the following at June 30, 2002:

|   |                     |
|---|---------------------|
| City of Fort Wayne  | \$ 343,678          |
| Town of Pierceton   | 61,937              |
| Town of Kewanna   | 40,165              |
| City of Madison   | 240,000             |
| Hendricks County  | 767,000             |
| City of Rushville   | 77,734              |
| City of South Bend  | 1,300,000           |
| City of Mishawaka   | 1,248,000           |
| City of New Albany  | 350,000             |
| City of Indianapolis – BDG                                | 175,000             |
| City of Indianapolis – Titan                              | 60,000              |
|   | <u>4,663,514</u>    |
| Less allowance for forgivable portion of Brownfield loans | <u>(637,000)</u>    |
|   | <u>\$ 4,026,514</u> |

The Brownfield program includes a partially forgivable loan program, with certain eligibility requirements. Eligible participants have a provision for forgiveness of up to 20% of the original loan balance if certain performance criteria are met. The Authority has recorded an allowance of \$637,000, which represents the current amount available for forgiveness on loans that qualified under the program.



# Indiana

## Development Finance Authority

### *Notes to Financial Statement, Continued*

#### **NOTE 9 – LOANS RECEIVABLE – BUSINESS DEVELOPMENT LOAN FUND**

Loans receivable under the Business Development Loan Fund were comprised of the following at June 30, 2002:

In July 2000, the Authority advanced \$1,500,000 under a promissory note to a company within Indiana. The Indiana Department of Commerce funded \$1,000,000 through an appropriation to the Authority. A provision of the note allows \$1,000,000 to be forgiven if certain performance criteria are met. Achievement of performance criteria will be measured at December 31, 2002. The net loan receivable at June 30, 2002 is \$373,773. The Authority has recorded an allowance of \$1,000,000, which represents the full amount available for forgiveness on the loan. The non-forgivable portion of the note is payable in quarterly installments of \$21,274, including interest at 5.00%, from October 2000 to July 2007. The note is secured by certain assets of the borrower.

\$ 1,373,773

In July 2001, the Authority advanced \$1,000,000 under a promissory note to a company within Indiana. A provision of the note allows \$500,000 to be forgiven if certain performance criteria are met. Achievement of performance criteria will be measured at December 31, 2002. The Authority has recorded an allowance of \$500,000. The non-forgivable portion of the loan is payable in quarterly installments of \$14,485, including interest at 3% from October 2001 to July 2011. The note is secured by certain assets of the borrower.

Less allowance for forgivable portion of loans

|                    |
|--------------------|
| 966,309            |
| 2,340,182          |
| <u>(1,500,000)</u> |
| <u>\$ 840,182</u>  |

The program includes a partially forgivable loan program, with certain eligibility requirements. Eligible participants have a provision for forgiveness of portions of the loan if certain performance criteria are met. The Authority has recorded an allowance of \$1,500,000, which represents the current amount available for forgiveness on loans that qualified but have not met the performance criteria under the program.

## *Notes to Financial Statement, Continued*

### **NOTE 10 – OTHER CONDUIT DEBT OBLIGATIONS**

The Authority is permitted by law to issue conduit and certain other types of revenue bonds to finance projects that serve Indiana public purposes outlined by statute. Except as described in Notes 6 and 7, the Authority's revenue bonds are payable solely from revenues of the Authority specifically pledged thereto. The bonds are not in any respect a general obligation of the Authority or the State of Indiana, nor are they payable in any manner from revenues raised by taxation. The Authority has no power to levy taxes. Pursuant to this authority, the Authority has issued numerous revenue bonds.

### **NOTE 11 – RESERVED FUND EQUITY**

The Authority has reserved fund equity in four special revenue funds for specific purposes as stated in appropriations from the Indiana General Assembly or as designated by the Authority's governing body:

The CAP Fund has a reserve of \$1,439,453 for childcare facility loans as reserved by state appropriations for the biennial appropriation and \$672,869, for the CAP Cash Program

The Guaranty Fund has a reserve of \$958,700 for child care facility debt service reserves as reserved by state appropriations for the biennial appropriation and \$1,197,575 reserved by the Authority to pay amounts due under a Reimbursement Agreement.

The 21<sup>st</sup> Century Research and Technology Fund has a reserve of \$5,568,242 for costs of administering the program and providing grant awards to successful grant applicants.

The Environmental Remediation Revolving Loan Fund has a reserve of \$1,325,908 for current loan and grant commitments as reserved by the Authority.

# Indiana

## Development Finance Authority

### *Notes to Financial Statement, Continued*

#### **NOTE 12 – FINANCING FEES AND PREMIUMS**

The Authority may assess a fee or charge a premium on loan guaranties and bond issuances. The following represent amounts recorded for the year ended June 30, 2002:

Guaranty Fund:

|                            |                  |
|----------------------------|------------------|
| Guaranty premiums and fees | <u>\$ 30,264</u> |
|----------------------------|------------------|

General Fund:

|                        |           |
|------------------------|-----------|
| Bond registration fees | \$ 90,800 |
|------------------------|-----------|

|                       |               |
|-----------------------|---------------|
| Bond application fees | <u>63,500</u> |
|-----------------------|---------------|

|  |                   |
|--|-------------------|
|  | <u>\$ 154,300</u> |
|--|-------------------|

#### **NOTE 13 – RENT COMMITMENTS**

The Authority leases office space pursuant to a non-cancelable operating lease expiring in May 2006. The future minimum rental payments required at June 30, 2002 are \$434,508. A summary of the total minimum lease payments for the lease is as follows:

|      |                   |
|------|-------------------|
| 2003 | \$ 113,350        |
| 2004 | 113,350           |
| 2005 | 113,350           |
| 2006 | <u>94,458</u>     |
|      | <u>\$ 434,508</u> |

Rental expense for the operating lease was \$113,500 for the year ended June 30, 2002. The Authority subleases space to the Indiana Transportation Finance Authority, the 21<sup>st</sup> Century Research and Technology Fund, and the Public Finance Office that resulted in rental income of \$30,431 for the year ended June 30, 2002. The Indiana 21<sup>st</sup> Century Research & Technology Fund was allocated \$20,539 of the rent expense with the general fund recording the remainder.

## Notes to Financial Statement, Continued

### NOTE 14 – AGENCY ACCOUNT - MARKET INDIANA

Market Indiana is a public-private partnership designed to support economic development in the State of Indiana. Through Market Indiana, Indiana companies can participate with the Indiana Department of Commerce in various marketing programs to promote economic development in Indiana. The Authority performs certain accounting functions for Market Indiana on behalf of the Indiana Department of Commerce. The assets, fund balance, and results of operations are not included in the financial statements of the Authority. Summarized financial information as of June 30, 2002 and for the year then ended is as follows:

|                                     |                   |
|-------------------------------------|-------------------|
| Total assets                        | <u>\$ 329,576</u> |
| Fund balance                        | <u>\$ 329,576</u> |
| Total revenues                      | \$ 148,959        |
| Total expenditures                  | <u>(122,247)</u>  |
| Excess of revenue over expenditures | <u>\$ 26,712</u>  |

### NOTE 15 – SHORT TERM OBLIGATIONS

Accrued expenses are recognized for expenses incurred but not paid at June 30, 2002. The following schedule shows the changes in short term obligations during the year:

|  | Balance<br><u>July 1, 2001</u> | <u>Additions</u>  | <u>Deletions</u>    | Balance<br><u>June 30, 2002</u> |
|--|--------------------------------|-------------------|---------------------|---------------------------------|
| Accounts payable and<br>accrued expenses | <u>\$ 62,487</u>               | <u>\$ 996,508</u> | <u>\$ (993,515)</u> | <u>\$ 65,480</u>                |

# Indiana

## Development Finance Authority

### Supplementary Schedules

#### SCHEDULE OF SPECIAL REVENUE FUND BALANCE SHEETS June 30, 2002

|                                  | Capital<br>Access<br>Program<br>Fund | Guaranty<br>Fund    | Business<br>Development<br>Loan<br>Fund | Rural and<br>Agricultural<br>Development<br>Fund | Underground<br>Storage<br>Tank Fund | Environmental<br>Remediation<br>Revolving<br>Loan Fund | Indiana 21st<br>Century<br>Research and<br>Technology Fund | Petroleum<br>Remediation<br>Grant Fund | Total                |
|----------------------------------|--------------------------------------|---------------------|---|--|-------------------------------------|--|--|--|----------------------|
| <b>Assets</b>                    |                                      |                     |   |  |                                     |  |  |  |                      |
| Cash and cash equivalents        | \$ 1,747,152                         | \$ 1,994,549        | \$ 1,572,319                            | \$ 235,169                                       | \$ -                                | \$ 5,419,065   | \$ -   | \$ 4,543,168                           | \$ 15,511,422        |
| CAP cash accounts                | 672,869                              | -                   | -                                       | -  | -                                   | -  | -  | -                                      | 672,869              |
| Investments                      | 3,630,108                            | 3,879,968           | 2,621,502                               | 1,123,594  | -                                   | 5,539,894  | 5,596,202  | -                                      | 22,391,268           |
| Accrued interest receivable      | 39,216                               | 85,680              | 29,470                                  | 19,884   | -                                   | 97,380   | -  | 7,008                                  | 278,638              |
| Loans receivable, net            | -                                    | 949,651             | 840,182                                 | -  | -                                   | 4,026,514  | -  | -                                      | 5,816,347            |
| Interfund loan receivable        | -                                    | 296,779             | -                                       | -  | -                                   | -  | -  | -                                      | 296,779              |
|                                  | <u>\$ 6,089,345</u>                  | <u>\$ 7,206,627</u> | <u>\$ 5,063,473</u>                     | <u>\$ 1,378,647</u>                              | <u>\$ -</u>                         | <u>\$15,082,853</u>                                    | <u>\$ 5,596,202</u>  | <u>\$ 4,550,176</u>                    | <u>\$ 44,967,323</u> |
| <b>Liabilities</b>               |                                      |                     |   |  |                                     |  |  |  |                      |
| Interfund loan payable           | \$ -                                 | \$ -                | \$ -                                    | \$ -   | \$ -                                | \$ -   | \$ 27,960  | -                                      | \$ 27,960            |
| Allowance for guaranty<br>claims | -                                    | 900,000             | -                                       | -  | -                                   | -  | -  | -                                      | 900,000              |
| Total liabilities                | -                                    | 900,000             | -                                       | -  | -                                   | -  | 27,960   | -                                      | 927,960              |
| <b>Fund balances</b>             |                                      |                     |   |  |                                     |  |  |  |                      |
| Reserved                         | 2,112,322                            | 2,156,275           | -                                       | -  | -                                   | 1,325,908  | 5,568,242  | -                                      | 11,162,747           |
| Unreserved                       | 3,614,601                            | 4,150,352           | 5,063,473                               | 1,378,647  | -                                   | 13,756,945   | -  | 4,550,176                              | 32,876,616           |
| Total fund equity                | <u>6,089,345</u>                     | <u>6,306,627</u>    | <u>5,063,473</u>                        | <u>1,378,647</u>                                 | <u>-</u>                            | <u>15,082,853</u>                                      | <u>5,568,242</u>   | <u>4,550,176</u>                       | <u>44,039,363</u>    |
|                                  | <u>\$ 6,089,345</u>                  | <u>\$ 7,206,627</u> | <u>\$ 5,063,473</u>                     | <u>\$ 1,378,647</u>                              | <u>\$ -</u>                         | <u>\$15,082,853</u>                                    | <u>\$ 5,596,202</u>  | <u>\$ 4,550,176</u>                    | <u>\$ 44,967,323</u> |



# Supplementary Schedules, Continued

## SCHEDULE OF SPECIAL REVENUE FUND REVENUES, EXPENSES AND CHANGES IN FUND BALANCES Year ended June 30, 2002

|   | Capital<br>Access<br>Program<br>Fund | Guaranty<br>Fund    | Business<br>Development<br>Loan<br>Fund | Rural and<br>Agricultural<br>Development<br>Fund | Underground<br>Storage<br>Tank Fund | Environmental<br>Remediation<br>Revolving<br>Loan Fund | Indiana 21st<br>Century<br>Research and<br>Technology Fund | Petroleum<br>Remediation<br>Grant Fund | Total                |
|---|--------------------------------------|---------------------|---|--|-------------------------------------|--|--|--|----------------------|
| <b>Governmental activity revenues</b>   |                                      |                     |   |  |                                     |  |  |  |                      |
| State Appropriations  | \$ 1,627,500                         | \$ 3,462,500        | \$ 833,750                              | \$ -   | \$ -                                | \$ 2,325,000   | \$ -   | \$ 4,500,000                           | \$ 12,748,750        |
| Other state funding   | -                                    | -                   | -                                       | -  | -                                   | -  | 25,318,681   | -                                      | 25,318,681           |
| Investments earnings  | 211,513                              | 344,249             | 187,222                                 | 60,785   | -                                   | 586,244  | 73,642   | 52,882                                 | 1,516,537            |
| Realized and unrealized gains   | 20,270                               | 154,995             | 27,332                                  | 21,647   | -                                   | 21,548   | -  | -                                      | 245,792              |
| Financing fees and premiums   | -                                    | 30,264              | -                                       | -  | -                                   | -  | -  | -                                      | 30,264               |
| Total revenues  | <u>\$ 1,859,283</u>                  | <u>\$ 3,992,008</u> | <u>\$ 1,048,304</u>                     | <u>\$ 82,432</u>                                 | <u>\$ -</u>                         | <u>\$ 2,932,792</u>                                    | <u>\$25,392,323</u>  | <u>\$ 4,552,882</u>                    | <u>\$ 39,860,024</u> |
| <b>Governmental activity expenses</b>   |                                      |                     |   |  |                                     |  |  |  |                      |
| Salaries and benefits   | \$ -                                 | \$ -                | \$ -                                    | \$ -   | \$ -                                | \$ -   | \$ 141,559   | -                                      | \$ 141,559           |
| Administrative expenses   | -                                    | 70,399              | -                                       | -  | -                                   | 2,070  | 357,457  | -                                      | 429,926              |
| Office rent   | -                                    | -                   | -                                       | -  | -                                   | -  | 20,539   | -                                      | 20,539               |
| Bank and trustee fees   | 6,583                                | 4,843               | 4,416                                   | 1,630  | 12                                  | 11,997   | 1,349  | 2,706                                  | 33,536               |
| Allowance for forgivable loans  | -                                    | -                   | 500,000                                 | -  | -                                   | 117,000  | -  | -                                      | 617,000              |
| Reimbursement agreement loss  | -                                    | 2,395,039           | -                                       | -  | -                                   | -  | -  | -                                      | 2,395,039            |
| Grant awards  | -                                    | -                   | -                                       | -  | 54,547                              | 456,980  | 19,936,835   | -                                      | 20,448,362           |
| CAP claims  | 839,011                              | -                   | -                                       | -  | -                                   | -  | -  | -                                      | 839,011              |
| Total expenses  | <u>845,594</u>                       | <u>2,470,281</u>    | <u>504,416</u>                          | <u>1,630</u>                                     | <u>54,559</u>                       | <u>588,047</u>   | <u>20,457,739</u>  | <u>2,706</u>                           | <u>24,924,972</u>    |
| <b>Excess (deficiency) of revenues<br/>over expenses</b>                      | 1,013,689                            | 1,521,727           | 543,888                                 | 80,802   | (54,559)                            | 2,344,745  | 4,934,584  | 4,550,176                              | 14,935,052           |
| <b>Other financing sources and uses</b>                                       |                                      |                     |   |  |                                     |  |  |  |                      |
| Transfers - internal activities   | (220,755)                            | (238,566)           | (13,450)                                | (43,904)   | -                                   | (260,457)  | -  | -                                      | (777,132)            |
| <b>Excess (deficiency) of revenues and<br/>sources over expenses and uses</b> | 792,934                              | 1,283,161           | 530,438                                 | 36,898   | (54,559)                            | 2,084,288  | 4,934,584  | 4,550,176                              | 14,157,920           |
| <b>Fund balances</b>  |                                      |                     |   |  |                                     |  |  |  |                      |
| Beginning of year   | <u>5,296,411</u>                     | <u>5,023,466</u>    | <u>4,533,035</u>                        | <u>1,341,749</u>                                 | <u>54,559</u>                       | <u>12,998,565</u>                                      | <u>633,658</u>   | <u>-</u>                               | <u>29,881,443</u>    |
| End of year   | <u>\$ 6,089,345</u>                  | <u>\$ 6,306,627</u> | <u>\$ 5,063,473</u>                     | <u>\$ 1,378,647</u>                              | <u>\$ -</u>                         | <u>\$ 15,082,853</u>                                   | <u>\$ 5,568,242</u>  | <u>\$ 4,550,176</u>                    | <u>\$ 44,039,363</u> |

# Indiana

## Development Finance Authority

### General Fund Expenses

#### General Fund Expenses:

|                                      | Actual<br><u>Expenses</u> | Budgeted<br><u>Expenses</u> | Variance<br>(Over) Under |
|--------------------------------------|---------------------------|-----------------------------|--------------------------|
| Salaries and benefits (Note 1 and 2) | \$ 491,653                | \$ 824,220                  | \$ 332,567               |
| Professional services                | 151,375                   | 140,440                     | (10,935)                 |
| Administrative expenses              | 114,449                   | 159,570                     | 45,121                   |
| Office rent (Note 3)                 | 92,966                    | 113,350                     | 20,384                   |
| Bank and trustee fees                | <u>1,513</u>              | <u>-</u>                    | <u>(1,513)</u>           |
| Total expenses                       | <u>\$ 851,956</u>         | <u>\$ 1,237,580</u>         | <u>\$ 385,624</u>        |

Note 1: Budgeted expenses for salaries and benefits includes \$204,531 for staff directly assigned to the Indiana 21<sup>st</sup> Century Research and Technology Fund, which has a separately approved budget.

Note 2: Budgeted expenses for salaries and benefits included the full cost of staff that in some cases perform functions for other governmental entities for which the Authority receives appropriate reimbursement.

Note 3: Budgeted expenses for rent included the full cost of rental office space. The Authority provides space to other governmental entities for which the Authority receives reimbursement.

#### Indiana 21st Century Research and Technology Fund Expenses:

|                                  | Actual<br><u>Expenses</u> | Budgeted<br><u>Expenses</u> | Variance<br>(Over) Under |
|----------------------------------|---------------------------|-----------------------------|--------------------------|
| Salaries and benefits (Note 1)   | \$ 141,559                | \$ 204,531                  | \$ 62,972                |
| Administrative expenses (Note 2) | 357,457                   | 465,431                     | 107,974                  |
| Office rent                      | 20,539                    | 24,106                      | 3,567                    |
| Bank and trustee fees            | 1,349                     | -                           | (1,349)                  |
| Grant awards (Note 3)            | <u>19,936,835</u>         | <u>-</u>                    | <u>(19,936,835)</u>      |
| Total expenses                   | <u>\$ 20,457,739</u>      | <u>\$ 694,068</u>           | <u>\$(19,763,671)</u>    |

Note 1: Actual expenses were less than budget since not all budgeted staff positions were filled throughout the fiscal year.

Note 2: Administrative expenses were less than budget primarily as a result of changes in staff and deferral of new grant reviews.

Note 3: The budget for the Indiana 21<sup>st</sup> Century Research and Technology Fund is only for operating expenses associated with the grant award process. Grant awards are recommended and approved periodically.



Indiana Development Finance Authority

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One North Capitol, Suite 900  
Indianapolis, Indiana 46204-2043  
(317) 233-4332  
[www.in.gov/idfa](http://www.in.gov/idfa)

